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Pension fund backs Napier Park with $300 million as it puts faith in credit

Napier Park Global Capital has emerged as a big winner after the New Mexico Public Employees Retirement Association (Pera) completed the first stage of a major re-allocation to credit. Officials at the pension fund have informed Creditflux that Napier Park has been awarded $300 million for what they describe as a "specialised and complex" credit strategy to invest in "hedged credit". The strategy will take the form of a managed account.

New York-based Napier Park manages a number of different credit products. It is active in distressed debt, long-short credit and structured credit.

Ellington Management has also been backed by the New Mexico pension. It has been handed $100 million to invest in structured credit. The firm has recently expressed its views that it does not believe CLO mezzanine tranches compensate holders for the risks they are taking on (see A clash of views on credit).

Albuquerque-based New Mexico Pera is making credit a core part of its asset pool (see New Mexico pension scheme saddles up for credit trail). As part of this expansion, officials say that they have backed their current credit managers with more capital. For instance, Guggenheim Investments has been given an extra $15 million for its global high yield mandate, taking the size of this portfolio to $209.6 million.

CVC Credit Partners, which oversees a $54.2 million loan portfolio for its client, has been awarded another $50 million. As part of this allocation, CVC Credit has agreed to transfer the New Mexico pension's capital from a commingled fund into a separate account.

The credit push does not end here for New Mexico Pera - it is said to be finalising a $312 million direct lending mandate.